

Attachment # 4

CITY COUNCIL REPORT

DATE: January 25, 2012
TO: Mayor and Councilmember's

FROM: Elizabeth Anderson, Community Enrichment Services Director

CC: Kevin Burke, Jerene Watson, Josh Copley, Department Directors,
Brian Grube

SUBJECT: BUDGET RETREAT FOLLOW-UP: REDUCTION OF HOURS AT
AQUAPLEX

This report is in response to a request for more information on closing hours of the Aquaplex from the Council at the November Budget Retreat. With the assistance of your assigned departmental accountant, using budget V actual numbers, calculate and discuss the following:

- (1) Calculate a per-user cost of operations (e.g., take total budget, including programming and debt, and divide it by total attendance per year. Then take total expenditures minus revenues and divide by total attendance. Provide breakout with and without revenue offsets and with and without debt service.)
- (2) Show attendance by day and by hour; or if not possible, show attendance first and last hour of the day;
- (3) Compare the rate of Aquaplex usage with other recreation facilities by dividing the square foot of each recreation facility (Aquaplex, Flagstaff Recreation, Jay Lively Activity Center and Cogdill) by average daily user count and show in a table format.

DISCUSSION

The Aquaplex first opened its doors in August 2008 and was immediately embraced by the community. Since that time we have refined our programming and filled a much needed niche in Flagstaff, an affordable and diverse recreation facility. The Aquaplex is also the first recreation facility with a cost recovery placed upon it by City Council direction (50% first year, 60% the second year of operation, and 70% the third and remaining years). To date, in a challenging economic environment the Aquaplex has averaged around 65% cost recovery. The Aquaplex is currently open seven days a week as to be accessible to our patrons and attract new and returning memberships to the facility.

The reduction of hours (closure of one day per week) at the Aquaplex will reduce the City's General Fund contribution approximately **\$65,000 a year**. The vast majority of the savings is in temporary employee hours (\$60,000). Reductions in commodities and contractals make up the balance. The Aquaplex would also

be impacted by a loss in revenue with a one day a week closure. We have calculated approximately **\$36,000 in loss of revenue** with a Tuesday closure, for example. This represents only daily admissions as other revenue sources most likely will remain unchanged or changes are unknown.

Once the budget reduction option of a one-day-a-week Aquaplex closure was publicly released, the Parks and Recreation Commission asked for the opportunity to have their opinion on record. The Parks and Recreation Commission voted unanimously on January 18, 2012, to send the message forward of “strongly opposing” this budget option for the following reasons:

- Credibility of Recreation Services impacted
- Not serving the public’s interests
- Loss of revenue diminishes the projected savings
- Questions about the pass holders “contract” with the City as a member/liability
- Negatively affects people’s workout routines and is inconvenient
- The amount of projected savings is very low, compared to the impact to the community

For comparison purposes, the following charts outline the cost per person to run the Aquaplex on an annual basis. The numbers in this report are from **FY11**, as we felt it was important to provide an entire fiscal year for complete data.

Table 1 represents the cost per person based on budgeted expenses divided by the annual attendance numbers. This number does not capture “drop in” patrons who only use the free public area or ages 4 and under as they use the facility at no cost. Without revenue built into the equation, the cost to run the Aquaplex is **\$9.18** per person in FY11.

Table 1

Per Person Cost of Operations Total Expenses (Budgeted)	Aquaplex
FY2011 Attendance	142,596
FY2011 Budgeted Expenses	\$1,308,336
COF Per Person Cost of Operations Expenses/Attendance	\$9.18

Table 2 represents the cost per person based on FY11 actual expenses. In this scenario, the cost per person is **\$8.52**.

Table 2

Per Person Cost of Operations Total Expenses (Actuals)	Aquaplex
FY2011 Attendance	142,596
FY2011 Actual Expenses	\$1,215,528
COF Per Person Cost of Operations Expenses/Attendance	\$8.52

Table 3 represents the cost per person when you subtract revenue (\$724,468) from the actual expenses (\$1,215,528). The cost per person in this scenario is **\$3.44**.

Table 3

Per Person Cost of Operations (Expenditures minus Revenues)	Aquaplex
FY2011 Attendance	142,596
FY2011 Revenue	\$724,468
FY2011 Actual Expenses	\$1,215,528
Expenditures - Revenue	\$491,060
COF Per Person Cost of Operations Expenses- Revenue/Attendance	\$3.44

Table 4 compares facility use as it relates to square footage of the facility. This table illustrates overall use, based on programmable space.

On a daily average, the Aquaplex has .012 participants per square foot of the facility. As a comparison, Flagstaff Recreation Center has .0071 users per square foot of facility. It should be noted that within the 52,000 square feet of the Aquaplex are the administrative offices for Recreation Services. Additionally, the Aquaplex and Jay Lively are the only two facilities that are open seven days a week. The highest concentration of use is at the Joe C. Montoya Community and Senior Center, while the least amount of concentration is at Cogdill Recreation Center. Jay Lively is unique as it is a specific use facility and 17,000 square feet of the building is dedicated to ice, which is within a strictly controlled area. The Aquaplex is second in concentration of use.

Table 4

	Aquaplex	Flagstaff Recreation Center	Jay Lively Activity Center	Cogdill Recreation Center	Joe C. Montoya Comm. & Sr. Center
Average Daily Attendance	600	120	264	61	220
Square Foot of Facility	52,000	17,000	35,500	8,750	9,250
Daily Attendance/Square Feet	0.012	0.0071	0.0074	0.007	0.024

Table 5 represents the Aquaplex attendance by day, as well as by first and last hour. The attendance numbers on this report reflect an annual number but do not include activity classes, swim lessons, or facility rentals as these do not get captured on daily or hourly reports. The attendance on this table represents daily admissions and member pass card swipes. In FY11 our slowest day was Friday, followed closely by Tuesday. The days tend to fluctuate from year to year, but as a trend Fridays and Tuesdays are our least visited days. Sunday is a much lower number due to the shorter hours (10:00AM – 6:00PM). The table also compares the first hour of operation to the last hour in terms of attendance. The attendance numbers are totals for the year.

Table 5

	<i>Sunday</i>	<i>Monday</i>	<i>Tuesday</i>	<i>Wednesday</i>	<i>Thursday</i>	<i>Friday</i>	<i>Saturday</i>
Totals	13000	20730	20059	20313	21103	19283	20085
First Hour	1582	1057	1024	1209	966	880	333
Sun.: 10-11am Mon.-Sat.: 6-7am							
Last Hour	1300	988	572	832	884	416	468
Sun.: 5-6pm Fri.: 9-10pm Sat.: 8-9pm							

RECOMMENDATION / CONCLUSION

The Flagstaff Aquaplex has a broad membership base that has become accustomed to use of the facility seven days a week. Much of the public view the Aquaplex as a “Health Club,” while many others see it as a recreation facility that is a place to take family and friends. As the Aquaplex has a cost recovery associated with it, we run it as a business within a municipal framework. Another possibility is to close the Aquaplex one hour early (Monday – Saturday) which would reduce expenses by approximately \$20,000 (temporary staff hours). Closing the Aquaplex for one day a week would bring up some of the following challenges :

- How to address current members (annual) whose expectations are a facility that is accessible seven days a week
- How to retain members
- How to attract new members in a competitive market (other “like” facilities are open seven days a week)
- How to meet a 70% cost recovery with reduced level of service
- How to justify reduction in level of service to the community, who voted for the bond that built this facility three and half years ago.

This report is for information only.